

## **Minutes of the Finance Committee**

**Wednesday, November 22, 2017**

Vice Chair Paulson called the meeting to order at 8:15 a.m.

**Present:** Supervisors Duane Paulson (Vice Chair), Tom Michalski, Tim Dondlinger, Richard Morris, and Steve Whittow. **Absent:** Jim Heinrich (Chair), and Ted Wysocki.

**Also Present:** Chief of Staff Mark Mader, Legislative Policy Advisor Sarah Spaeth; Citizens Carl Lock, Justin Bielinski, Dennis Neuenfeldt, Mark Panawash-Bielinski, and Brenda Panawash-Bielinski; Accounting Services Coordinator Will Emslie, Facilities Manager Shane Waeghe, Radio Systems Manager Chris Petterson, Collections/ Business Services Manager Andy Thelke, Financial Analyst Kayla Kaboskey, Principal Financial Projects Analyst Bob Ries, Land Information Systems Manager Don Dittmar, Senior Financial Analysts Mark Yatchak and Steve Trimborn, Budget Management Specialist Bill Duckwitz, and Budget Manager Linda Witkowski. Recorded by Mary Pedersen, County Board Office.

### **Public Comments**

Lock, Bielinski, Neuenfeldt, and B. Panawash-Bielinski discussed statistics and governmental costs related to the opioid/heroin crisis and encouraged Waukesha County to join the state and national lawsuit against the pharmaceutical companies.

### **Approve Minutes of November 8**

MOTION: Morris moved, second by Dondlinger to approve the minutes of November 8. Motion carried 5-0.

### **Next Meeting Date**

- December 13

### **Chair's Executive Committee Report of November 20**

Mader said the Executive Committee unanimously approved an ordinance and resolution relating to the County's investment policy/fund, also on this agenda.

### **Fund Transfer 2017-400-1: Public Works – Transfer Funds from Operating Expenses to Fixed Assets**

Waeghe discussed this fund transfer request which involves transferring \$105,000 of available funds within the Building Improvement Plan operating budget into the proper appropriation units to address project needs. Facilities staff have identified a need to replace water heaters at the Mental Health Center (\$25,000) and upgrade the fire panel system for County buildings (\$80,000). The full Building Improvement Plan budget has sufficient funds for these two projects. However, the funds are available in the operating expenses appropriation unit and these projects are classified as fixed assets (greater than \$5,000 and capitalized). Operating expense appropriations are available mostly due to less maintenance work needed for the Courthouse and Northview buildings and less roof repairs needed countywide than the budget anticipated.

MOTION: Whittow moved, second by Michalski to approve Fund Transfer 2017-400-1. Motion carried 5-0.

**Fund Transfer 2017-360-1: Health & Human Services – Transfer Funds from Personnel Expenses to Operating Expenses**

Paulson referred to this fund transfer request which involves transferring \$420,000 to fund higher than budgeted placement costs for children in out of home placements. This includes foster care placements in the Children & Families Division due to a steady increase in the number of children and sibling groups being removed from their homes. There are also higher costs for children in residential care centers due to the growing number of high needs children with developmental and mental health needs requiring high cost facilities. Personnel expenses are estimated to be underspent and available to transfer largely due to long-term vacancies in several divisions and temporarily holding positions vacant to generate additional savings to better manage budget appropriations.

MOTION: Dondlinger moved, second by Morris to approve Fund Transfer 2017-360-1. Motion carried 5-0.

**Ordinance 172-O-058: Approve Verizon Cell Tower And Ground Lease At The Davidson Road Tower**

Petterson discussed this ordinance which approves an agreement between the Department of Emergency Preparedness and Verizon Wireless for the lease of tower attachment locations and ground space at the County's Radio Services Building. The lease will start no later than April 1, 2018 and will run for an initial period of five years with four renewal periods of five years each for a potential total of 25 years. Under the terms of the lease, Verizon will pay the County \$34,000 annually beginning in 2018 with increases of 3% per year thereafter. The revenue will be applied to the Radio Services proprietary fund. The Department anticipates no additional expenditures due to this lease. This ordinance is estimated to have no direct tax levy impact.

MOTION: Morris moved, second by Dondlinger to approve Ordinance 172-O-058. Motion carried 5-0.

**3<sup>rd</sup> Quarter Proprietary Funds Report**

Thelke reviewed the County's various enterprise and internal service funds as outlined in this report. Those funds that showed a net income at the end of the 3<sup>rd</sup> quarter were the Naga-Waukeee Golf Course (\$204,899); Moor Downs Golf Course (\$21,776); Materials Recycling (\$680,675); Radio Services (\$42,374); Records Management (\$50,399); Communications (\$111,629); Risk Management/Workers Compensation (\$374,327); Collections (\$85,411); and Health Insurance (\$1,992,893). Those funds that showed a net loss were the Wanaki Golf Course (-\$107,887); Naga-Waukeee Ice Arena (-\$44,764); Eble Park (-\$81,181); Airport (-\$122,876); Vehicle/Equipment Replacement (-\$68,526); Central Fleet (-\$41,404); and End User Technology (-\$239,345).

MOTION: Whittow moved, second by Dondlinger to accept the 3<sup>rd</sup> Quarter Proprietary Funds Report. Motion carried 5-0.

**3<sup>rd</sup> Quarter Investments Report**

Ries reviewed this report as outlined including the highlights, valuation at cost and market, County portfolios, and total County investment income, balances, and rates. Total interest earnings for the quarter were \$652,187, up \$118,571 from the 2<sup>nd</sup> quarter largely due to an increase in the average invested balance of approximately \$25.5 million from the 2<sup>nd</sup> quarter, as well as the higher short-term yields available in the market. The total return for the quarter was up from the last quarter, at 0.32%. For the year ending September 30, 2017, County investments returned 1.17% and the investment balance was \$200,785,562.

MOTION: Michalski moved, second Morris to accept the 3<sup>rd</sup> Quarter Investments Report. Motion carried 5-0.

**Ordinance 172-O-057: Amend Waukesha County Code Of Ordinances To Modify Waukesha County Investment Policy**

Ries discussed this ordinance as outlined and said Ordinance 167-95, adopted in March, 2013, amended the Waukesha County Investment Policy to permit investments in Corporate Securities as permitted by Wisconsin Statutes, which impose the following restrictions: 1) Securities must be rated in one of the top two rating categories by one of the nationally recognized rating agencies, and, 2) Securities must have a maturity of seven years or less from the date of purchase. Ordinance 167-95 further imposed a limitation on the maximum allocation of the overall investment portfolio to ten percent of the total, excluding checking, savings and money market accounts, as well as the State of Wisconsin Local Government Investment Pool. When the Corporate Portfolio was established in 2013, the intent was to re-evaluate the strategy after an initial three-year trial period. The evaluation determined that the Corporate Portfolio has been successful, and for the year ending September 30, 2017, has been the highest performing of all of the County's investment portfolios.

This ordinance will give the County the flexibility to add to the Corporate Portfolio, up to a maximum of eighteen percent of the total, excluding checking, savings and money market accounts, as well as the State of Wisconsin Local Government Investment Pool. There are no plans to immediately increase the Corporate Portfolio, and any such additions in the future will be made after a review of the current market environment and in consultation with the Corporate Portfolio manager. This ordinance also modifies the County Investment Policy to permit investment in the Wisconsin Investment Series Cooperative (WISC) Investment Class Pool Fund. WISC was created in 1988 and was initially limited to school districts, before being made available to all governmental entities in the State of Wisconsin. It is a money market type, pooled investment fund, which invests in securities permitted by Wisconsin Statutes for governmental entities.

A separate Resolution has been submitted authorizing the County to join the Intergovernmental Cooperation Agreement which governs WISC and invest in the fund. The County is looking to add WISC as an additional investment alternative for funds that will be needed in the short-term, for which the longer term portfolios are not a feasible investment option. This ordinance results in no additional tax levy impact.

MOTION: Dondlinger moved, second by Whittow to approve Ordinance 172-O-057. Motion carried 5-0.

**Ordinance 172-R-003: Authorizing Entry Into An Intergovernmental Cooperation Agreement Relating To The "Wisconsin Investment Series Cooperative" And Authorizing Participation In The Investment Programs Of The Fund**

Ries discussed this resolution which will allow the County to join with other Wisconsin municipalities in accordance with the Intergovernmental Cooperation Act by becoming a participant of the Fund and adopting and entering into the Intergovernmental Cooperation Agreement. The Director of Administration is authorized to take such actions and execute any and all such documents as they may deem necessary and appropriate to effectuate the entry of Waukesha County into the Intergovernmental Cooperation Agreement and to utilize Fund programs through PMA Financial Network, Inc., PMA Securities, Inc. U. S. Bank National Association, and/or their affiliates and successors. Also, the County will be authorized to invest its available monies from time to time and withdraw such monies from time to time in accordance with the provisions of the Intergovernmental Cooperation Agreement, including investment in the fixed-income program of the Fund through the intermediaries PMA Financial Network, Inc. and PMA Securities, Inc. Ries advised those authorized include himself, Director of Administration Norm Cummings, Treasurer Pam Reeves, and Deputy Treasurer Terry Schultz. The County Board will be advised of any changes.

MOTION: Whittow moved, second by Dondlinger to approve Ordinance 172-R-003. Motion carried 5-0.

**Ordinance 172-O-056: Modify The 2017 Budget Of The Parks And Land Use Department To Appropriate Additional Expenditure Authority For The Land Information System Division**

Dittmar discussed this ordinance which modifies the 2017 Parks & Land Use - Land Information Systems Fund budget by appropriating \$45,000 of fund balance to the contracted services expense account. The additional expenditure authority will be used for Amazon Web Services charges related to additional temporary server capacity required to develop new application and storage functionality for the Land Information System which Dittmar discussed in detail. This ordinance results in no additional tax levy impact.

MOTION: Morris moved, second by Michalski to approve Ordinance 172-O-056. Motion carried 5-0.

**3<sup>rd</sup> Quarter Special Revenue and General Funds Report**

Witkowski highlighted the General Funds report as outlined in this report. For nine months of 2017, total General Fund expenditures were \$118.3 million or 69.2% of the total modified expenditure budget versus expenditures for the same period in 2016 which totaled \$115.4 million or 69.9% of total 2016 actual expenditures. Operating revenues achieved during the first nine months of 2017 were nearly \$55.4 million or about 66.1% of the modified revenue budget versus about \$53.2 million or 63.9% of revenues recognized for the first nine months of 2016. Investment income in the Treasurer's Office was projected to be lower than budget by about \$1.1 million as interest rates continue to be low. This compares with \$1.3 million under budget at year-end 2016. Penalty and interest on delinquent taxes were also projected to be below budget by an additional \$929,300. Offsetting favorable results for year-end 2017 include the Register of Deeds by about \$415,200, Parks & Land Use by about \$412,500, and Circuit Court Services by \$383,000. In addition, Health & Human Services is expected to finish favorably by \$730,300 primarily due to higher state and federal revenues. The report identified the potential need for fund transfers for the District Attorney, Circuit Court Services, Sheriff, Health & Human Services, Register of Deeds, Parks & Land Use, and Public Works. Ordinances will be requested to appropriate expenditures and increase revenues for the District Attorney, Sheriff, and Health & Human Services.

Regarding Special Revenue Funds, Witkowski said as of nine months, all funds except Land Information Systems (LIS) are projected to finish the year with favorable or break-even results. At this time, department management plans to request ordinances appropriating additional expenditure authority for the Aging & Disability Resource Center Contract, LIS, and Community Development funds. Bridges Federated Library staff plans to request fund transfers in the State Aids, Federal, and Miscellaneous Fund and the CAFÉ Share Automation Fund.

MOTION: Whittow moved, second by Dondlinger to accept the 3<sup>rd</sup> Quarter Special Revenue and General Funds Report. Motion carried 5-0.

MOTION: Dondlinger moved, second by Michalski to adjourn at 10:14 a.m. Motion carried 5-0.

Respectfully submitted,

Thomas A. Michalski  
Secretary